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GOVERNMENTS' ROLE IN TRADE EFFICIENCY

Compendium prepared by the UNCTAD secretariat

This document is a compendium of the various recommendations addressed to Governments in the six sectoral papers prepared for the consideration of the Ad Hoc Working Group on Trade Efficiency at its third session, namely Guidelines on Better Trade Practices (TD/B/WG.2/11); Customs (TD/B/WG.2/6/Add.1); Transport (TD/B/WG.2/11/Add.2); Finance and Insurance (TD/B/WG.2/11/Add.3); Business Information for Trade (TD/B/WG.2/11/Add.4); and, Telecommunications (TD/B/WG.2/11/Add.5). The compendium is intended to assist delegations in their consideration of the role of Governments in trade efficiency" under item 2 of the provisional agenda. It is clear, however, that such role is not confined to these six sectors, and that governments can have a prominent role to play in enhancing trade efficiency by providing the proper regulatory and macro-economic framework for trade efficiency.

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BUSINESS PRACTICES

- Strategic:

TP 1/G/ST:[1]

Governments should ensure that trade facilitation issues are taken into account when formulating trade and transport policies.

TP 2/G/ST:

It is recommended that national committees (FALPROs) are set up, where not already in existence, with a clear remit,

- to eliminate red tape, in both public and private sectors,
- to encourage the use of best practice including information technology throughout the trading, distribution and payment processes, following international standards and
- to help to develop the skills of the people involved.

- Practices:

TP 3/G/P:

Traders can be assisted in carrying out (...) their work in two ways:

- simplifying, co-ordinating and standardising port management, shipping lines, customs reception and release procedures and documents between the various ports/airports/container depots in a country so that they can develop one basic set of export procedures for all exports by sea and air and will only have to train staff to understand and operate one system; and
- developing an aligned export document system, for both paper documents and their electronic equivalents.

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[1] The referencing system proposed here is intended to facilitate the work of delegations while discussing this item as well as when sectoral recommendations need to be consolidated later on. The first letter(s) of the reference describe(s) the sector (TP for trade procedures, C for Customs, etc.); the following number is given sequentially to identify particular recommendations within any sector; the following letter describes the entity primarily responsible for implementing the recommendation (e.g. G for government); the final letter(s) refer(s) to the nature of the recommendation (ST for strategic, IN for infrastructure etc.).

TP 4/G/P:

It should be a straightforward process for exporters to obtain licences for acceptable exports of such products. Once a licence is issued control should be linked to routine export controls (eg. customs clearance).

TP 5/G/P:

Exchange control practices should be brought up to date and simplified. Control should be carried out by the commercial bank (on behalf of the central bank) on the basis of commercial documents. Minimum value levels should be realistic.

TP 6/G/P:

Consular invoices, consular visa requirements and consular fees should be abolished.

TP 7/G/P:

Where they are deemed necessary, controls of origin should be carried on the basis of relevant commercial documents.

TP 8/G/P:

Preshipment inspection should be regarded as an interim measure. Governments which require preshipment inspection for imports should be encouraged to simplify the inspection process. Random sampling techniques and periodic inspections for regular, approved exporters should be used.

TP 9/G/P:

National regulations should conform to the relevant international standards. Wherever possible the dangerous (goods) declaration should be incorporated in, or combined with, an existing commercial document; which should be part of the national aligned document system.

TP 10/G/P:

Customs authorities should simplify their requirements for Export, transit and import procedures in line with the International Convention on the Simplification and Harmonisation of customs procedures (Kyoto Convention of the Customs Co-operation Council). This should be undetaken with national trade and transport interests to ensure full co-ordination of carrier, port and customs controls.

TP 11/G/P:

International trade statistical requirements should be reviewed periodically in order to restrict the information called for to a minimum and to ensure it is collected at a time that causes the minimum delay to goods movements.Periodic

sheduled returns should be used where possible, preferably via EDI. Governement should operate a simple interface with traders, ensuring that statistical demands are not repeated by different departments/agencies.

TP 12/G/P:

In buying or selling goods and services government departments should use commercial best practice to maximise their efficiency. Standard commercial documents, EDI messages and procedures should be used wherever possible.

CUSTOMS

- Strategic:

C 1/G/ST:

Customs management should, in consultation with other interested parties (both governmental and non-governmental), clearly define its corporate Objectives and develop and publish an overall Strategic Plan which sets out the manner in which it intends to achieve these objectives.

C 2/G/ST:

Customs authorities should make maximum use of information technology to assist them (Governments) in the efficient performance of their duties. Computer applications for the Customs processing of commercial transactions should be developed. Computer interfaces (using UN/EDIFACT data interchange standards) which allow for the electronic submission of manifests, goods declarations, etc. should be developed and made available to traders.

C 3/G/ST:

Customs authorities should examine closely the possibility of separating the process of goods release from the processes of revenue collection, accounting and statistical reporting.

C 4/G/ST:

Governments should take steps to foster a cooperative rather than a confrontational approach to customs operations. **The Memorandum of Understanding (MOU)** programme of the CCC should be used as a vehicle for greater cooperation between Customs authorities and commercial operators.

C 5/G/ST:

Governments should take steps to ensure the highest level of integrity and professional standards within their Customs service. The measures identified by the CCC in the Arusha Declaration on Integrity in Customs should be implemented. Effective **penalties** are also required to discourage low standards of integrity in the trading community.

C 6/G/ST:

While recourse to the services of pre-shipment inspection agencies to carry out Customs related activities might be a

necessity in certain circumstances , this should be regarded as an interim measure and governments should avoid long-term use of such services. Where appropriate, governments should institute Customs reform programmes aimed at enhancing the efficiency and effectiveness of their Customs services thereby avoiding the need to use the services of PSI.

C 7/G/ST:

Delays in the release of goods are caused by a number of factors including inefficiency and lack of professionalism on the part of some shipping agents, freight forwarders and Customs clearing agents/brokers. To overcome this problem, government should **set standards** for these professions and closely **monitor** performance.

C 8/G/ST:

To enhance Customs controls and to facilitate import clearance, governments should, on a bilateral (or multilateral) basis, consider the routine electronic transmission of export data from the country of export to the Cutoms authority of the importing country.

C 9/G/ST:

In countries where foreign trade statistics are based on customs data, customs authorities should ensure reliability of the raw data as well as the timely transfer to the institution charged with compilation of the foreign trade statistics.

C 10/G/ST:

To ensure that it performs its designated role efficiently, effectively and to a high standard of professional ethics, customs needs to be properly resourced. A custom service starved of ressources will certainly be an obtacle to trade. Governments should ensure that customs are adequaly resourced to carry out their functions.

C 11/G/ST:

The Customs Co-operation Council, as the International organizations for customs matters, has a key role to play with regard to the implementation of many of the above recommendations by its member administrations. Governments should ensure, through their representatives on the Council's ruling body, that the CCC is adequately resourced to carry out the urgent technical assistance tasks which is called upon to do.

- Infrastructures:

C 12/G/IN:

Customs authorities should urgently examine their existing practices and institute a programme of reform for those procedures that are identified as inefficient or redundant. Reference should be made to existing International Conventions on Customs process simplification and harmonization (Kyoto Convention of the CCC). This should be undertaken with national trade and transport interests to ensure full coordination of carriers, port and customs.

C 13/G/IN:

Pre-arrival processing of transactions is a measure that can deliver significant trade facilitation benefits and with appropriate safeguards, does't compromise in any way the control objectives of customs. Authorities should take steps to make such facilities available to their clients. The electronic submission of pre-arrival cargo data further facilitates this process.

- Practices:

C 14/G/P:

Clearance of cargo frequently requires the interventions of several government agencies in addition to customs. Government should rationalize this process by investing responsibility for all cargo clearance activities in one single authority i.e. customs or through coordinated interventions by the agencies concerned.

C 15/G/P:

Customs valuation procedures can cause significant delays in the clearance of import consignments. Governments should use the customs valuation method prescribed in the GATT Agreement which is administratively less complex than other methods currently in use in some countries.

C 16/G/P:

Excessively high customs tariffs encourage evasion through under-valuation and make enforcement more difficult. Where possible, governments should endeavour to broaden their tax base so that customs tariffs may be moderated.

C 17/G/P:

To ensure maximum transparency of customs operations, customs authorities should provide the trading community with information
on customs formalities and requirements. Such information should be kept up to date and should be easily accessible.

TRANSPORT

- Strategic:

TR 1/G/ST :

Modernize transport laws regulations particularly through the definition of regulatory items which will foster the development of logistics chains, e.g., through the establishment of pricing principles which will encourage the use of containerized shipment and thus help the development of multimodal transport. These principles should cover, for example, rates for public and private services as well as international door-to-door tariffs which should take into account not only traditional factors such as distance, weight and value of the goods, but also factors relating to the quality of service such as regulatory, frequency and the volume of trade.

TR 2/G/ST:

Implement specific transport operations improvements such as: formation of block-train services, granting of container terminal concessions to mixed-economy companies that operate according to commercial pratices (rather than to legal norms governing public enterprises) or to private companies; provide guidelines to update commercial banking and insurance practices in line with international practices recommended by the ICC; and stimulate private investment in training.

TR 3/G/ST:

Develop subregional cooperation projects regarding harmonization of transport regulatory policies and legal regimes to find multilateral solutions to existing problems, particularly in the field of Customs transit.

- Infrastructures:

TR 4/G/IN:

Promote the establishment of National Trade and Transport Facilitation Committees (possibly with participants of Trade Point) tO: stimulate cooperation between national actors in the transport chain, encourage all private sectors actors, freight forwarders etc., to participate in these committees.

TR 5/G/IN:

Establish subregional data bases on transport (from ACIS and other sources)

TR 6/G/IN:

Establish subregional meetings of National Trade and Transport Facilitation Committees.

FINANCE AND INSURANCE

- Strategic

F 1/G/ST

Government policy-making in the area of financial services regulation should, at a minimum, consider the unique structural aspects of the market for trade-related financial services. Market access restrictions should be eliminated for those financial products which cannot be effectively delivered by a solely domestic provider, such as credit insurance. Policymakers should also evaluate the indirect impact of protectionist restrictions, particularly on the competitiveness of local exporters.

F 2/G/ST

Governments should review their current laws and regulations affecting trade finance, insurance and international payments to ensure that they are consistent with accepted international practices.

- Practices

F 3/G/P

Also finance-related documents should be incorporated into the national aligned systems, where relevant.

F 4/G/P

Governments should evaluate carefully existing exchange control regulations to ensure that they do not inhibit the use of current financing and payment techniques. In particular, control procedures which address non-bank providers of export finance, such as factors and invoice discounters, should be developed, as appropriate. Exporters should be allowed to use a portion of foreign exchange earnings to purchase modern financial products (e.g., credit insurance) which enhance their competitiveness but are not available locally.

BUSINESS INFORMATION

- Strategic

I 1/G/ST

Encourage enterprises -and in particular newcomers to international trade and small and medium size entreprises- to explore the scope for internationalization.

Facilitate and promote circulation of, access to, sources of economic and business information, which represent an important input in the transition to a more outward-looking development pattern.

I 2/G/ST

Training capacities for more effective use of business information have to be up-graded in developing countries and econnmies in transition. This should include the strengthening of local training institutions (training of trainers) as well as specialized training assistance to trade promotion institutions, business associations and the enterprise sector.

I 3/G/ST

Government institutions should be aware of the importance of business information for economic development. As a prerequisite for ensuring an efficient supply of business information, governments should ensure a non-discriminatory and conducive policy framework for commercial suppliers of business information. This applies in particular to countries, in which government institutions do not have the necessary resources and expertise to take a more active role.

The government sector should facilitate the circulation of business information and related support services to the business community at large and to SMEs and newcomers to international trade in particular through trade promotion organizations and trade commissioner services. International experience on the conditions of success for running efficient business centres and services should be taken into account. Close coordination with the final users and the business sector, at large, should be institutionalized in order to avoid credibility gaps.

- Infrastructures

I 4/G/IN

Ensure that a focal point exists in each country to collect, process and make available for retrieval all relevant information on the country's trade regulations, product by product and using standard formats.

I 5/G/IN

Make special efforts to ensure that the necessary telecommunications infrastructure is in place to access, at reasonable cost, on-line databases of business opportunities.

I 6/G/IN

The telecommunications infrastructure -from telephone lines to packet switching networks- need to be improved in many developing countries and economies in transition to permit effective access to business information sources. Trade Points should play an important role by testing and using available telecommunications facilities, such as Internet, for cost-effective data communication.

I 7/G/IN

Governments are encouraged to designate a national focal point responsible for coordinating and advancing the complex tasks of government institutions relating to business information.

- Practices

I 8/G/P

Ensure the availability of up-to-date trade statistics and their timely submission to the United Nations Statistical Office and other relevant agencies.

Consider the preparation of foreign trade statistics on CD-ROM or in other machine-readable formats with user-friendly software at reasonable prices. Possibilities of providing data to trade information centres in developing countries (including Trade Points where and when they exist), at discount prices should be explored.

Ensure reliability of data on trade volumes and quantities in their foreign trade statistics.

Consider the preparation of entreprise-level information on the basis of customs data with due respect to national confidentiality requirements.
Experience in this area has already been gained by ITC (and presented to the Working Group) by using ASYCUDA countries and TP countries increases.

Apply internationally compatible product nomenclatures for trade for other economic statistics.

I 9/G/P

Collect and disseminate up-to-date and reliable primary statistics on prices and price indexes for selected ranges of

products traded in local markets and/or exported/imported, using standardized product/sector classifications.[Governments] should publish this information and/or maked available through online databases. Trade Points can contribute to the collection and dissemination of such information.

I 10/G/P

Producers of business information, such as departments of statistics, Customs departments, ministries of trade, central banks, etc, should ensure effective dissemination of their data to meet the requirements of the local and international business community and the interested public.Whenever possible, they should take advantage of modern information technology to provide their data in machine-readable form such as CD-ROM and online databases, and pay particular attention to user-friendly formats.

I 11/G/P

Government institutions should recognize their important role as a source of selected types of business information. Departments of statistics and Customs departments should provide timely foreign trade data and other statistical information. Information on tariffs and other trade regulation should be provided by the relevant authorities. All information should be supplied in user-friendly formats oriented towards the needs of the business community.

Governments have a particular responsibility to disseminate in an opportune and transparent manner information on international business opportunities created as a result of their procurement activities (e.g. tenders).

TELECOMMUNICATIONS

- Strategic:

TEL 1/G/ST:

Provide access to international data transmission services (Infonet, Sita, etc.) and access to international message services (Internet); possible development of a network of intermediaries to market these sevices. A specific role could be entrusted to Trade Points, which might negotiate with some of the networks not just on access to different types of connection, but also on preferential tariffs, taking account, for example, of existing overcapacity or opportunities for marginal cost charging in such a way as to reduce appreciably the cost of the international data transmissions which are essential for international trade.

TEL 2/G/ST:

Opening up of basic services to competition (e.g. X400 message handling systems) and development of competition with regard to value-added services, possibly on a regional basis, with regulation of access switchboards.

TEL 3/G/ST:

Develop international roaming agreements for all types of mobile services (paging, radio-telephony, etc.)

TEL 4/G/ST:

Specify in terms of minimum requirements the conditions for the supply of telecommunication services and networks. To this end a table should be prepared showing the functional correspondences between application requirements and services available.

TEL 5/G/ST:

Raise all immediate problems with regard to regulations. Particular attention should be given to the problem of extraterritoriality of services in cases where the local supply is inadequate.

TEL 6/G/ST:

Analyse the organizational problems involved in the implementation of telecommunication services. Particular stress should be laid on the problems of adaptation in the use of telecommunication resources (establishment of (distance) training facilities for telecommunications).

TEL 7/G/ST:

Specify the cost - benefit ratio in the introduction of services. This should be a simple economic calculation based on

the cost of service access and use in relation to the expected benefits(limitation of dysfunctions in transactions, improvement of productivity in the processing of deals, value-added from the standpoint of the organization of export markets).

- Infrastructures:

TEL 8/G/IN:

Complete automation of networks or procedure for connection of business users to automatic exchanges.

TEL 9/G/IN:

Digitize of subscriber switches and offer of supplementary services.

TEL 10/G/IN:

Develop of network access in remote or low-density regions for small business users through the adoption of appropriate network architectures (small rural exchanges, TDMA systems, cellular systems, point-to-point, wire or radio-relay links, satellite transmission); the development of alternative solutions for ensuring general access to international networks (such as access to future low -orbit satellite networks).

TEL 11/G/IN:

Create, develop and decentralize access ports to X25 networks.

TEL 12/G/IN:

Decentralize of international transit centres so as to offer international connections which do not necessarily depend on the state of the trunk networks.

TEL 13/G/IN:

Provide access to network and service directories, both domestically and internationally.

TEL 14/G/IN:

Establish service interconnections, particularly interfaces between telex, data-transmission services and fax.

TEL 15/G/IN:

Establish "Kiosk" mechanisms based on national or international networks.

TEL 16/G/IN:

Introduce " one-stop shopping" for access to communication services. "Kiosk" mechanisms and "one-stop shopping" functionscould be entrusted initially to Trade Points, which would be responsible for introducing them.

TEL 17/G/IN:

Progressively decentralize special access (of the teleport or Trade Point) in virtual form within countries.

- Practices:

TEL 18/G/P:

Grant VSAT licences on a competitive basis, recognize licences granted among neighbouring countries or countries belonging to regional economic organizations so as to develop broader economic bases.

TEL 19/G/P:

Liberalize terminal connection.

TEL 20/G/P:

Introduce reciprocal terminal approval procedures (among countries belonging, for example, to the same economic organizations).

TEL 21/G/P:

Take measures based essentially on tariff restructuring to reduce the differentials between residential and business users and eliminating discrimination in international calls.

TEL 22/G/P:

Reduce the cost of international calls, with the aim of standardizing international tariffs on the basis of the current average world prices.

TEL 23/G/P:

Abolish special subscription for international services, introduce general automatic access to international services without discrimination.

TEL 24/G/P:

Introduce peak and off-peak rates in the international service, leading to partial reduction in tariffs.

TEL 25/G/P:

Reduce network connection costs.

TEL 26/G/P:
Abolish discrimination by type of user.**TEL 27/G/P:**

Abolish connection costs for specific terminals (fax, modems, etc.).

TEL 28/G/P:

Limite State levies on telecommunication operating agencies' income (in percent of profits).

TEL 29/G/P:

Limite taxes imposed on various tariffs components of telecommunications.

TEL 30/G/P:

Abolish specific arrangements for access to international networks and services through general standardization of procedures for commercial interconnection between domestic and international operating agencies .

TEL 31/G/P:

Provide quality services, in terms of both connection waiting times and call quality.

TEL 32/G/P:

Provide administrative information enabling call costs to be monitored and checked (detailed billing, service for monitoring and setting a limit on call expenditure, etc.).

TEL 33/G/P:

Offer possibility of paying for international services in local currency.

TEL 34/G/P:

Offer certification of international services meeting openness criteria, in terms of standards and non-discrimination against users.

TEL 35/G/P:

When the provision of services seems inadequate in a particular area, improve opportunities for persons involved in international trade to negotiate access to services provided from outside locations. This could in particular be brought about through Trade Point.

TEL 36/G/P:

Prepare specifications for all the communication application described.

TEL 37/G/P:

Such specifications should be based on a breakdown of the application requirements. These communication requirements should be determined in relation to the following goals: access to market information, knowledge of internation trade procedures, contacting of partners in the transaction, actual carrying-out of the transaction, including payment, need to check or file the trade relation, consolidation of particulars of the deal.